

Approved For Release 2002/08/15 : CIA-RDP84-00780R000700060028-1

TO: ADD/S		DATE
ROOM NO.	BUILDING	
REMARKS: <div style="border: 1px solid black; width: 200px; height: 40px; margin-bottom: 10px;"></div> <p>this fits with the Pres. message paper that I mentioned at the staff meeting today. They all say about the same thing. Use the report systems meaningful to this purpose - please advise.</p>		
FROM: EO-DD/S		29 June 65
ROOM NO.	BUILDING	EXTENSION

Approved For Release 2002/08/15 : CIA-RDP84-00780R000700060028-1

FORM NO. 241
1 FEB 55

REPLACES FORM 36-8
WHICH MAY BE USED.

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Approved For Release 2002/08/15 : CIA-RDP84-00780R000700060028-1
S-E-C-R-E-T

DD / S R E G I S T R Y
F I L E *Approf Budget*

MANAGEMENT
14 June 1965

DD/S ADMINISTRATIVE
INSTRUCTION No. 65-10

COST REDUCTION AND MANAGEMENT
IMPROVEMENT IN GOVERNMENT OPERATIONS

References: (a) Action Memo No. A-319 dtd 6 Dec 63 to multiple addressees fr DDCI, subj: "President's Memorandum on Government Economy"

(b) Action Memo No. A-411 dtd 18 Aug 64 to multiple addressees fr DCI, subj: "Economy Measures"
(See DD/S Admin Notice No. 64-5 dtd 24 Aug 64)

1. The attached instructions require reports by all Support Offices.
2. The cost reduction plans for Fiscal Years 1966 and 1967 should be submitted to the Deputy Director for Support by 15 July 1965. The semi-annual progress reports should be submitted to the Deputy Director for Support by 15 January and 15 July of each year. (See paragraph 2 of Action Memorandum No. A-456, attached.)
3. Cost-savings actions for the last half of Fiscal Year 1965 (paragraph 3 of Action Memorandum No. A-456) should be submitted to the Deputy Director for Support by 2 July 1965.

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4. Questions may be referred to extension

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FOR THE DEPUTY DIRECTOR FOR SUPPORT:

EXECUTIVE OFFICER

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Attachment:

Action Memorandum No. A-456 dtd
8 June 65 to multiple addressees fr
Ex Dir-Compt, same subject w/att

S-E-C-R-E-T

OFFICE OF THE DIRECTOR

Action Memorandum No. _____

Date 8 JUN 1965 A-456

TO : Deputy Director for Intelligence
Deputy Director for Plans
Deputy Director for Science & Technology
Deputy Director for Support
Inspector General
General Counsel

SUBJECT : Cost Reduction and Management Improvement in

REFERENCE: Government Operations

Action Memoranda A-319 and A-411. same subject

1. The President continues to bear down on cost reductions and improvements in the general effectiveness of Government operations. Agency efforts to improve efficiency and effect economies over the past year and a half have been commendable. Although our reports to the Bureau of the Budget on cost-savings actions have been general in nature and no specific manpower or dollar savings have been identified, a spirit of cost consciousness has been instilled among employees and we have been responsive to the President's program.

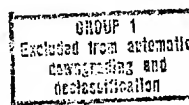
2. To further strengthen the President's economy program and provide more precise reporting on economy measures, the BOB has issued Circular No. A-44, Revised, effective 31 July 1965, which is attached. Compliance with this circular requires the Agency to put into effect a formal, organized cost reduction program, the preparation of cost reduction plans and reports, and an identification of the use of savings. In order to give more supervision and greater emphasis to economy programs and comply with BOB directives, it is requested that each Deputy Director assume direct responsibility for the preparation of a cost reduction plan with specific savings goals for Fiscal Years 1966 and 1967. The guidelines in Attachment A to the BOB Circular shall be followed. These plans shall be forwarded to the Director, Budget, Program Analysis and Manpower by 1 August 1965.

SUSPENSE DATE:

1 August 1965

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ACTION

MEMORANDUM

for consolidation and forwarding to the Bureau by 1 September 1965. Thereafter, semi-annual progress reports, in the prescribed format, shall be forwarded to D/BEAM by 1 February and 1 August respectively.

3. Although the revised BOB Circular is not effective until 31 July, a report of cost-savings actions as prescribed in the current circular needs to be made to the Bureau for Fiscal Year 1965. It is requested that you report to D/BEAM in accordance with referenced memoranda by 12 July 1965 the economies you have effected for the period 1 January to 30 June and the use made of such savings. This information is to be consolidated and forwarded to the Bureau by 29 July.

(signed) Lyman B. Kirkpatrick
Lyman B. Kirkpatrick
Executive Director-Comptroller

Attachment
BOB Circular A-44, Revised

2

BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

March 29, 1965

CIRCULAR NO. A-44
Revised

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Cost reduction and management improvement in Government operations

1. Purpose and coverage. This Circular sets forth policies, procedures and responsibilities for carrying out the President's program to reduce the cost and improve the general effectiveness of Government operations. It applies to all departments and agencies of the executive branch effective July 31, 1965. On that date this Circular replaces Circular No. A-44 of October 31, 1962, as revised.

2. Policy. The President has directed that each department and agency head put into effect and assume direct supervision of a formal, organized cost reduction program. The President is interested in savings for three principal reasons:

- . To reduce the cost of Government;
- . To finance new and needed programs; and
- . To offset increased costs for personnel and other resources.

The following policies will be observed in agency cost reduction activities:

- a. The head of each department and agency is as responsible for efficiency and economy in the conduct of agency programs as he is for program results.
- b. Management at all levels in each agency is expected to undertake vigorous and continued efforts to reduce costs by eliminating nonessential activities and positions and by increasing productivity.
- c. The heads of departments and agencies and their subordinates will make every effort to meet new workload requirements through adjustments in existing activities and procedures, and by improved manpower control and utilization.

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d. Government business will be conducted in accordance with the same exacting standards that apply to the most expertly managed private business.

e. Improved organization, more efficient methods and procedures, use of labor-saving equipment, strengthened supervision, wise and economical procurement, and other actions to reduce the cost of current programs will be constantly sought so that available resources can be most effectively utilized in meeting the Nation's urgent needs.

3. Cost reduction plans and reports. Each department and agency head will prepare an annual cost reduction plan with specific savings goals. In preparing his plan he will make a systematic review of agency programs from the standpoint of relative priorities and subject major proposed expenditures to searching scrutiny in terms of cost and benefits. Specific efforts should be planned to eliminate or curtail low priority activities, seek new and less costly approaches to achievement of program objectives, and devise better solutions to management problems. Positive steps should be taken to encourage innovation in the development and use of new techniques for increasing productivity.

a. Goals. At the beginning of each fiscal year each department and agency head will establish cost reduction goals for at least the year just beginning and the following fiscal year. The goals will be quantified to the extent possible and based on reasonable projections of concrete actions contemplated and savings expected, but desirable improvements or benefits which cannot be quantified in terms of dollar savings may be included.

b. Reporting of goals. The head of each department and agency will submit to the President, through the Director of the Bureau of the Budget, by September 1 of each year, a report on the cost reduction goals he has established for the current fiscal year and at least one following year. The report will be submitted in triplicate and provide, in accordance with the attached guidelines and format (Attachments A and B), a brief description of the actions contemplated, when they are to be completed, and appropriate annual man-year and dollar savings targets. If legislative action is required to achieve these goals, this should be noted and a legislative proposal should be submitted, in accordance with Bureau of the Budget Circular A-19, revised.

c. Reporting of progress. Each department and agency will send to the President, through the Director of the Bureau of the Budget, semi-annual progress reports showing the extent to which cost reduction goals are being reached. The reports covering the first half of the fiscal year and the entire fiscal year will be due on March 1 and

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September 1, respectively. They will be submitted in triplicate in accordance with the attached guidelines and format (Attachments A and B). Cost reduction goals and improvement actions may be updated in the March 1 progress report. Savings resulting from actions taken in the first half and in the entire fiscal year, respectively, will be estimated for both the fiscal year reported on and the next fiscal year. Savings will be in terms of dollars and man-years, as appropriate. The report will also show the nature of savings or benefits and the proposed disposition of savings.

d. Definition of savings and other benefits.

(1) Savings. Savings generated and reported under this program will be only those which result from new, improved, or intensified management practices and actions or from the elimination or curtailment of low priority activities during the fiscal year reported on. They are not to include reductions due to deferment of programs or activities to some future date. Savings are to be measurable and identifiable. They will be calculated using as a base the level of expenditures or unit costs of the fiscal year immediately preceding the current year, except where another base year has been approved by the Director of the Bureau of the Budget. As a general rule, savings should result in one or more of the following:

- . Reduced level of expenditures for a defined workload or program
- . Increased production or more effective program performance at no added cost
- . Reduced requirements for additional funds

(2) Other benefits. Noteworthy management improvement actions that do not result in measurable monetary savings should be reported as "other benefits." Such benefits might be more prompt service, more effective program results, or more equitable treatment of clientele.

4. Use of savings. Since savings may constitute an additional resource for other worthwhile work, recommended and actual use of savings will be specified and reported by agencies. Recurring savings and those projected for the budget year will be considered during the budget review process. Recommended high-priority uses of savings will be categorized as follows:

- a. Use to finance increased costs, such as statutory pay increases.
- b. Apply to the production of more units of work.

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- c. Apply to raise the quality of service or performance.
- d. Use to finance some other approved program or activity of the reporting agency.
- e. Place in reserve, or apply to reducing the President's budget.

The need for application of savings to categories (a) through (d), above, will be fully explained in the report.

5. Validation of savings. Savings will be measured using the techniques appropriate to the particular circumstances. Care will be taken to prevent double counting and to consider offsetting costs. All offsetting costs applicable to an individual savings action, whether incurred within or outside the reporting agency, will be deducted before net savings are reported. Savings should be validated by a review performed independently from the claiming unit. Such validations will be performed before data and reports are submitted to the Bureau of the Budget and the President. The term "validation" means an independent evaluation of the reasonableness of amounts reported as accomplishment against goals through selective examination of reports, records, and operations.

6. Central assistance for improving management.

a. The staff of the Bureau of the Budget is available to advise agencies in their management improvement and cost reduction programs and to serve as a clearinghouse for exchanging information on techniques and programs, from within and outside of the Government, that have produced noteworthy results. To meet unusual problems where the agency does not have the expertise or the financial resources to undertake special management studies, assistance may be provided from the appropriation to the President for Expenses of Management Improvement.

b. Federal Executive Boards in major centers of Federal activity outside of the Washington area will give specific attention to the exchange of information and cooperative efforts designed to improve management and performance of Federal activities in the field.

c. The Bureau of the Budget, the Civil Service Commission, and the departments and agencies have undertaken a systematic program of agency management and manpower reviews. The schedule for these reviews is developed by the Bureau of the Budget and the reviews are carried out jointly by staff of the Bureau, the Commission, and the agency concerned. The reviews are made on a selective basis giving priority

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attention to areas where the most significant problems and potential savings exist. The results of these reviews are reported to the head of each agency for immediate attention and such action as is necessary.

KERMIT GORDON
Director

Attachment

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GUIDELINES FOR REPORTING COST REDUCTION GOALS AND ACCOMPLISHMENTS
(See paragraphs 3 and 4, Bureau of the Budget Circular A-44)

I. Categories for Goals and Semi-annual Progress Reporting

Cost reduction goals and accomplishments will be reported by the head of each department and agency under the following categories. Additional categories may be used if desirable, and some of those listed here may be excluded if they do not fit.

A. Increased productivity and efficiency. Annual productivity goals and progress in achieving them may be reported for the organization as a whole or for major organizational components. They may be expressed in percentage increases in productivity or decreases in unit costs. All improvement in productivity or efficiency should be translated into specific dollar and manpower savings. Depending on the size of the agency, they may be presented in aggregate or in terms of specific projects.

B. Elimination of low priority activities; substitution of less costly alternatives. This may include savings resulting from such actions as the elimination of unessential programs or activities or reduction of specific program levels (excluding reductions imposed externally by the President's budget or appropriation actions) and the selection of an alternative program or course of action from that originally approved or in use.

C. Increased management and program effectiveness. The intended and actual results or benefits of management improvement actions during the current year for which specific and demonstrable savings are impossible to calculate will be reported under this category.

II. Annual Goals

The statement of cost reduction goals, set by each department and agency and submitted to the President through the Director of the Bureau of the Budget by September 1 of each year, will contain these elements stated as briefly as possible:

A. Narrative description

1. Goal. Describe each separate goal, listed by category as defined in Section I above, including estimated dollar and man-year savings or other benefits.

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2. Projects. Under each goal, list and provide a brief description of the program, projects or actions designed to reach the goal, together with a timetable of implementation. These will be reported in terms of general programs, major projects or specific actions, as appropriate to the size of the reporting department or agency.
3. Nature of savings or benefits. For each program, project or action, describe the type of saving or benefit; indicate when it is to be achieved, and indicate whether it is one-time or recurring.
4. Disposition of savings. Explain the proposed use of savings in accordance with the criteria included in paragraph 4 of Circular No. A-44.
5. Problem areas. Note and explain any roadblocks in planning or accomplishing the goal which require the assistance of the Bureau of the Budget, the President, other agencies, and/or require new or revised legislation.
6. Innovation. Identify and describe steps to encourage innovation, including specific actions, planned or underway, to develop and use new management techniques. Where appropriate include evaluation of results.

B. Summary form. Recapitulate in the first five columns of the summary form (Attachment B) the essential information provided in the narrative. The summary form will also be used for subsequent semi-annual reporting of progress.

III. Semi-annual Progress Report

A. Narrative report. The semi-annual narrative progress reports will contain:

1. Any changes in the narrative description provided at the time the cost reduction plans were submitted.
2. Changes in goals, but these should not ordinarily be reduced unless the original plan was greatly overestimated. Any slippages in goals should be indicated, together with the reasons.
3. A description of major actions taken during the preceding six months on each program, project or action listed in the plan.

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4. An explanation of the use proposed for any savings.

B. Summary form. The summary form (Attachment B) will contain:

1. Recapitulation of the programs, projects or actions by which goals are to be reached, as specified in the annual plan and in the narrative section of the report.
2. Estimate of savings in dollars and man-years, or other benefits to result from action on each goal or project.
3. Proposed disposition of anticipated savings using the key provided on the form (Attachment B), that is --
 - a. Use to finance increased costs, such as statutory pay increases.
 - b. Apply to production of more units of work.
 - c. Apply to raise quality of service or performance.
 - d. Use to finance some other program or activity of the reporting agency.
 - e. Place in reserve, or apply to reducing the President's budget.

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SUMMARY REPORT
COST REDUCTION AND MANAGEMENT IMPROVEMENT PROGRAM

(Department or Agency)

(Date)

Goals and Programs, Projects, or Actions To Achieve Them	Annual Savings Goals				Estimated Annual Savings from Actions to Date in Reporting Year						Other Benefits	Proposed Use of Dollar Savings (See Key)
	man-years		dollars		man-years			dollars				
	CY*	NY	CY*	NY	CY*	NY	BNY	CY*	NY	BNY		
(Take by title from the narrative report)											(Check; explain in narrative)	(Provide specifics in narrative report)

Savings Key:

- A. Use to finance increased costs, such as pay increases.
- B. Apply to production of more units of work.
- C. Apply to raise quality of service or performance.
- D. Use to finance some other approved program or activity.
- E. Place in reserve, or apply to reducing President's budget.

Abbreviations:

CY - Current fiscal year
NY - Next fiscal year
BNY - Beyond next year

*For the second of the semi-annual progress reports the current year column will be the fiscal year ending on the previous June 30.

ATTACHMENT B
Circular No. A-44

2- Finance
EXECUTIVE OFFICE OF THE PRESIDENT
Approved For Release 2002/08/15 : CIA-RDP84-00780R000700060028-1
BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

October 21, 1964

CIRCULAR NO. A-44
Revised
Transmittal Memorandum No. 4

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Improving manpower controls and utilization in the
executive branch

The President's concern for efficiency and economy of Government administration and operations requires, among other things, an effective control of organization, jobs and employment. Most departments and establishments already have the machinery for organization and manpower control. However, recent studies indicate the need for additional emphasis and proper assignment of responsibility to make position management more effective in overall agency manpower control programs.

Paragraph 3c of Circular A-44 lists, in general terms, the elements of an effective manpower control system. This memorandum transmits an addition to Circular A-44 -- a new section 8 -- which specifies in more detail some of the criteria for effective position management.

KERMIT GORDON
Director

Attachment

5019
(Current Circular-effective through 30 June 65)

(No. A-44)

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

August 13, 1964

CIRCULAR NO. A-44

Revised

Transmittal Memorandum No. 3

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Elimination of annual reports on manpower control and utilization

The requirement for annual reports on manpower control and utilization as set forth in the penultimate paragraph of Section 4 of Circular No. A-44 is rescinded. The quarterly reports required by Circular No. A-64 will serve the intended purpose.

KERMIT GORDON
Director

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EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON 25, D. C.

July 18, 1963

CIRCULAR NO. A-44
Revised
Transmittal Memorandum No. 2

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Change in time and contents of annual reports
on manpower control and utilization

The annual reports on manpower control and utilization required by the penultimate paragraph of Section 4 of Circular No. A-44 should be submitted by September 1 of each year rather than at the time of the annual budget submission. Such annual reports should include, in addition to the factual material relating to the fiscal year just closed, a summary of plans for actions to be taken in the current and budget years. Five complete sets should be submitted.

This change is being made to enable the Bureau of the Budget to review agency accomplishments and plans in preparation for the fall budget review of agency estimates.

KERMIT GORDON
Director

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EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON 25, D. C.

December 20, 1962

CIRCULAR NO. A-44

Revised

Transmittal Memorandum No. 1

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Extension of time for submission of agency programs for
manpower control and utilization

The date for submission of the statements describing in detail each
agency's program for manpower control and utilization, required by
paragraph 3 of Circular No. A-44, dated October 31, 1962, has been
extended from January 7, 1963, to January 18, 1963.

ELMER B. STAATS
Acting Director

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EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET

WASHINGTON 25, D. C.

October 31, 1962

CIRCULAR NO. A-44
Revised

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Improving manpower controls and utilization in the executive branch

1. Purpose and coverage. In accordance with the President's instructions to limit the number of Federal employees to the absolute minimum necessary to get the public business done, this Circular provides policies and procedures for:

- a. Improving the general productivity and efficiency of Government operations,
- b. Continuing review and control of manpower utilization, and
- c. Making forward projections of manpower requirements.

This Circular does not apply to uniformed military services of the Department of Defense or the Coast Guard.

This revision of Circular No. A-44 replaces the following Circulars: No. A-44 of June 13, 1951, No. A-8 of June 29, 1951, and No. A-24 of October 1, 1958.

2. General policies. The President has stressed that responsibility for manpower control and utilization rests with the head of each agency. Each department and agency will be expected to undertake vigorous and continued efforts to eliminate non-essential activities and positions, and to increase productivity by improved manpower control and utilization and strengthened supervision.

The need for economy and conservation of scarce manpower skills requires that the executive branch apply strict tests of essentiality in determining manpower requirements in each of its activities. The heads of departments and agencies and their subordinates must make every effort to meet new workload requirements through adjustments in existing activities and procedures, in lieu of adding new employees. Increases in staffing will be approved only where it is clear that essential functions cannot be performed effectively with existing employees.

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The same forces that are bringing about increased productivity in the private sector of the economy are applicable to the Government. It will be assumed that the opportunities to increase productivity in Government are realized at least to the extent they are in the private sector of the economy.

Action

3. Agency programs for manpower control and utilization. Each agency head is responsible for taking necessary action to assure that his agency has an effective continuing program to increase productivity and control manpower. A statement describing in detail each agency's program, tailored to its own particular needs, will be submitted to the Bureau of the Budget for review by January 7, 1963. The statement should identify existing legislative or administrative restrictions which adversely affect the agency's ability to carry out the policies and objectives set forth in this Circular, together with specific recommendations to alleviate or remove the adverse effects of such restrictions. In addition, the statement will include a description of the specific measures adopted to carry out the intent of Section 1007c of the Postal Service and Federal Employees Salary Act of 1962.

The basic elements of an effective manpower control program, together with the possible tools to use in carrying them out, are these:

- ✓ a. Analysis and appraisal of the work to be performed to assure that it is essential and will contribute to the accomplishment of agency objectives, and that appropriate targets and priorities are set.
- ✓ b. Determination of manpower requirements, using principally the budget process but also such tools as work measurement, work standards, productivity analysis, and manpower and workload reporting.
- ✓ c. Manpower control systems, using such techniques as manpower allocation, tables of organization, reporting systems, special studies, periodic program reviews, and controls on filling of vacancies.
- ✓ d. Specific efforts to increase productivity through improvements in organization, work design, work methods including simpler systems and mechanization, mathematical programming, supervision, and personnel management including skills inventories, employee consultation, training, and incentive and motivation programs.
- ✓ e. Selective test checks to ascertain whether the manpower control program is achieving the desired results.

It is important that staff competent in the areas listed above be available to line officials to assist in carrying on planned management improvement efforts. The staff, in being or planned, for carrying out an agency's manpower control should be described in the statement submitted to the Bureau of the Budget.

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The staff of the Bureau of the Budget is available to advise agencies in their manpower control programs, and to serve as a clearing house for exchanging information on successful measures to improve management and to effect manpower savings. To meet unusual problems where the agency does not have the expertise nor the financial resources to undertake special management studies, assistance may be provided from the Appropriation to the President for Expenses of Management Improvement.

Federal Executive Boards, established at the direction of the President in major centers of Federal activity outside of the Washington area, will give specific attention to exchange of information and cooperative efforts with respect to manpower utilization and management improvement in field offices.

4. Relation to the review of budget estimates. In reviewing budget requirements at all levels, detailed analyses will be made of the number of persons required for both present and proposed activities. The budget process is an effective instrument for preventing overstaffing as well as in identifying work priorities, operating problems, and in appraising efficiency and productivity. In reviewing budget estimates, therefore, each responsible agency official and the Bureau of the Budget will adhere to the following policies:

✓ a. Existing personnel will be utilized to the maximum extent in staffing new programs and expansions in existing programs.

b. Staffing requirements will be planned and executed on the assumption that improvements in skills, organization, procedures, use of equipment and supervision will increase productivity continuously and at the same time maintain adequate quality.

c. Estimates of staffing requirements for on-going as well as new programs will be fully justified, so far as practicable, by an analysis of the relationship between the personnel required and the workload to be performed. In the absence of a workload correlation, the estimates will show the analytical method used in estimating personnel requirements.

d. Contracts with non-Government firms, institutions, or persons will be made on the basis of relative efficiency and effectiveness in accomplishing the desired work, and will not be used as a device to reduce or hold down Government employment when direct Government performance is more effective or appropriate.

Each agency's annual budget submission will include a brief factual statement describing the actions taken and results achieved by the agency manpower control and utilization program outlined in this Circular; it should include a statement of reductions in manpower requirements achieved during the year, with specific monetary savings indicated, and the uses to which such savings were put.

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In presenting budget estimates to the President, the Bureau of the Budget will set forth the employment levels on which the estimates are based. Detailed justification requirements are set forth in Circular No. A-11, for annual budget estimates, and in Circular No. A-41, with respect to supplemental estimates.

5. Estimates of future personnel requirements. Increased attention will be given in connection with annual budget reviews to estimated personnel requirements projected for future years. These estimates are important not only for purposes of the Bureau of the Budget but also for estimating recruitment requirements by the Civil Service Commission and work space requirements by the General Services Administration. Instructions for developing projections of future personnel requirements for annual budget reviews are included in Budget Circular No. A-11, and those for projections required under Public Law 801, 84th Congress, are set forth in Budget Circular No. A-19,

6. Search for better methods. Increased attention will be given by the departments and agencies, under the leadership of the Bureau of the Budget, to searching out and applying the most modern and effective means used either by Government or private enterprise to increase efficiency and output. The research should include studies in such areas as motivation, organization of work, production methods, and methods of managerial control and leadership. The Bureau will make available throughout the Government the important findings and conclusions of important management research conducted within the Government.

7. Manpower inspections and reviews. The Bureau of the Budget, the Civil Service Commission, and the departments and agencies will undertake a systematic program of manpower inspections and reviews. The priority and scheduling of these inspections will be worked out under the leadership of the Bureau of the Budget, and will be carried out by staff of the Bureau, the Commission, and the agency concerned. The special inquiries into manpower utilization practices currently made by the Civil Service Commission will become a part of this new program. The inspections will be made on a selective basis which will give priority attention to areas where the most significant problems and potential savings exist. While every agency cannot be reviewed each year, it may be desirable to review certain agencies annually or more frequently. The inspections will be designed to test the effectiveness of agency systems for manpower analysis and control, and to assist the departments and agencies in discovering opportunities for better use of manpower resources that are available. The results of these reviews will be reported to the head of each agency promptly, for immediate attention and such action as is necessary. The Bureau of the Budget will keep the President informed of any significant findings and of potentialities for increasing productivity.

By direction of the President:

DAVID E. BELL
Director

(No. A-44)

8 NOV 1962

ATTACHMENT

Circular No. A-44

Revised

8. Position management.

a. Each department and establishment should develop and maintain a position management system designed to assure that work is organized and assigned among positions in a manner which will serve mission needs most effectively and economically. As used in this Circular, position management includes the evaluation of the need for positions and required skills and knowledge; and the organization, grouping and assignment of duties and responsibilities among all positions. The position structure should be designed to utilize the most effective work processes, equipment, procedures, methods and techniques.

The position management system should be designed to identify, prevent or eliminate such common faults as unnecessary organizational fragmentation, excessive layering, excessive use of deputies, assistants to, and special assistants, improper design of jobs, outmoded work methods, and improper distribution of manpower resources. Special attention should be given to guarding against contracting out of work without adequate concern for relative costs and effectiveness.

b. A position management system should be developed which is best adapted to the needs of a particular agency or program. Provision normally should be made in each position management system, however, for the following key elements:

(1) Assignment of responsibility. Responsibility for work organization and position management should be explicitly assigned to line managers at appropriate levels in the organization.

(2) Utilization of total staff resources. In carrying out their responsibilities for effective position management line managers should utilize budget, management analysis, personnel and other special staff in the development and continuing operation of the position management system in the organization. It is especially important that the work of these staff elements be coordinated and mutually supporting.

(3) Position authorization. A position authorization and control procedure should be established to assure that existing and proposed work organization and staffing arrangements meet the requirements of good position management. Such authorizations and controls must be related to maximum numbers and financial allowances determined in the budget process.

(4) Vacancy control. Before any vacancy is filled or a reclassification approved, a review should be made to determine whether the duties of the position can be eliminated, assigned to other positions, or modified to permit performance at a lower grade.

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(5) Approval of organizational changes. Each proposed change of organization or position structure should be reviewed and approved as appropriate from the standpoint of work design, occupational distribution, grade distribution, manpower requirements, and costs.

(6) Reporting. The position management system should provide for periodic reports for the use of the agency to make it possible to review the effectiveness of the system and to provide essential data for effective analysis by the agency head and upon request by the Bureau of the Budget, the Civil Service Commission, and the Congress. While the frequency of central reporting will vary from agency to agency, the system should make it possible to provide management either periodically or upon request the following information:

(a) The number of positions authorized under the position management system, by grades.

(b) The number of occupied positions, by grades.

(c) Any new arrangements entered into for the provision of services by contract.

(d) An analysis and explanation of any significant changes in the position structure, together with an analysis of any longer-term trends indicated.

(7) Special reviews. When budget reviews, internal management appraisals, periodic reports, or other available data indicate that an organization is not achieving effective position management, action should be initiated to identify the reasons and bring about changes in personnel, organization structure, management practices, or work processes to achieve improvement.

c. Each department and independent establishment will forward a description of its position management system to the Bureau of the Budget by January 1, 1965. For those systems not already in operation, the time phasing for their installation and the date on which they will be fully effective will be indicated.

d. Assessments of the effectiveness of its position management system should be made by the department or establishment itself, and will be made by the Bureau of the Budget in its review of budget estimates, by the Civil Service Commission in its inspection of position classification, and as a part of the joint review of management and manpower utilization made by teams designated by the Bureau of the Budget, Civil Service Commission, and the agencies under review.

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